GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2299
ANSWERED ON:14.03.2008
COMPLAINT AGAINST HANDLING OF TERMINALS BY STOCK BROKERS
Vijay Krishna Shri

Will the Minister of FINANCE be pleased to state:

(a) whether the Securities and Exchange Board of India (SEBI) has received complaints against the manner of closing of terminals when the stock market fell in January, 2008;

(b) if so, the details thereof and action taken thereon;

(c) whether any fund is maintained with the stock to overcome the crisis pertaining to non payment of margin monies by the traders;

(d) if so, the reasons for not using the funds by the exchanges;

(e) whether any officials of the exchanges were held responsible for the said lapses;

(f) if so, the details thereof exchange-wise; and

(g) if not the reasons therefore?

Answer

MINISTER OF STATE FOR FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) and (b): Yes, Sir. SEBI has received complaints alleging that some investors were not able to trade during the stock market fall in January 2008. Some of them also allege that their broker terminals were deactivated. These complaints have been taken up with the respective stock exchanges for expeditious redressal.

(c): No, Sir. However, the exchanges maintain the Settlement Guarantee Fund which is utilised to meet the shortages arising out of non-fulfilment/partial fulfilment of the funds obligations by the brokers in a setdement subject to norms specified by SEBI. The exchanges also maintain investor protection fund which is utilized to honour the claims of clients of defaulting brokers or where the broker is unable to pay such claims.

(d) to (g) : Do not arise in view answer to (c) above.